

## Message Text

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73

ORIGIN SS-30

INFO OCT-01 ISO-00 SSO-00 NSCE-00 /031 R

DRAFTED BY ARA/APU:RCFELDERPLC:CNORTON:JC

APPROVED BY ARA:WBOWDLER

ARA/APU:FVORTIZ

ARA/LA/PLC:JWILLIAMS (DRAFT)

PM/SAS:DMCCLINTOCK (DRAFT)

LIPM:LMICHEL (DRAFT)

OSD/ISA:COLTHOMAS (DRAFT)

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O 212114Z JUN 74

FM SECSTATE WASHDC

TO AMEMBASSY MONTEVIDEO IMMEDIATE

C O N F I D E N T I A L STATE 133839

EXDIS

E.O. 11652: GDS

TAGS: MASS,UY

SUBJECT: FMS CREDIT - URUGUAY

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REF: STATE 119185

1. THE IG/ARA HAS APPROVED USG EXTENDING OFFER TO GOU OF EIGHT, REPEAT EIGHT, A-37A AIRCRAFT UNDER MIMEX OFFER NO. 213 ON BASIS OF A FMS SALE. TOTAL COST OF THIS OFFER, INCLUDING REHABILITATION, MODIFICATION OF AIRCRAFT, GROUND SUPPORT, SPARE PARTS, AND TRAINING EXPECTED TO BE APPROXIMATELY 4.8 MILLION DOLLARS.FIRM PRICE AND AVAILABILITY DATA WILL BE FORWARDED THROUGH DOD CHANNELS ON OR ABOUT JUNE 25. IF GOU ACCEPTS OFFER OF THESE AIRCRAFT, FORMAL LETTER OF OFFER WILL BE PREPARED BY DOD.

2. IG/ARA IN CASP CONTEXT ENDORSED LEVEL OF EST. 3.8 MILLION DOLLARS IN FMS CREDIT FOR URUGUAY IN FY 75. THIS WOULD PERMIT GOU TO PURCHASE AIRCRAFT BY UTILIZING 1.5 MILLION DOLLARS FROM ITS FY 74 ALLOCATION AND EST  
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3 MILLION DOLLARS FROM FY 75 FUNDS AND WOULD LEAVE

500,000 DOLLARS IN EACH YEAR FOR OTHER PROCUREMENT. DRAWDOWN OF FMS CREDIT WILL NOT, HOWEVER, AFFECT REPAYMENT SCHEDULE WHICH IS EXPECTED TO BE EXTENDED OVER AN EIGHT YEAR PERIOD. IT MUST BE BORNE IN MIND, HOWEVER, THAT USG CANNOT PROVIDE ANY ASSURANCE REGARDING AVAILABILITY OF FY 75 CREDIT UNTIL SUCH TIME AS CONGRESS HAS APPROVED FY 75 SECURITY ASSISTANCE LEGISLATION. YOU MAY INFORM THE

GOU OF POLICY DECISION TO GIVE PRIORITY CONSIDERATION TO URUGUAY'S NEEDS IN ALLOCATING FY 75 CREDITS, BUT THAT OUR ABILITY TO EXTEND CREDIT WILL DEPEND ON TOTAL AMOUNT OF CREDIT AND GUARANTIES MADE AVAILABLE TO THIS HEMISPHERE. IN THE UNLIKELY EVENT THAT FY 75 CREDIT CANNOT BE PROVIDED URUGUAY, THE GOU WOULD BE RESPONSIBLE FOR PAYING CASH OR OBTAINING COMMERCIAL CREDIT TO MEET OUTSTANDING DISBURSEMENTS FOR MATERIEL PURCHASES.

3. WE REGRET THAT MULTI-YEAR CREDIT FINANCING MENTIONED REFTEL WILL NOT BE FEASIBLE. DEPARTMENT'S MOST RECENT INTER-AGENCY CLEARANCE EFFORTS ON BEHALF OF OTHER FMS CREDIT PROGRAMS HAVE REVEALED INCREASED OPPOSITION TO NEW MULTI-YEAR COMMITMENTS. OMB WHICH IS RESPONSIBLE FOR ACTUAL ALLOCATION OF FUNDS, IS ESPECIALLY RELUCTANT TO APPROVE MULTI-YEAR ARRANGEMENTS ALL OF WHICH TEND TO LIMIT OUR FUTURE YEAR OPTIONS IN PROVIDING SECURITY ASSISTANCE. DUE TO SMALL MONETARY VALUE INVOLVED IN URUGUAYAN REQUEST AND RELATIVELY NON-ESSENTIAL NATURE IN TERMS OF U.S. NATIONAL INTERESTS, CHANCES OF OBTAINING INTERAGENCY APPROVAL OF MULTI-YEAR FINANCING FOR URUGUAY ARE PRACTICALLY NIL. THEREFORE, AS STATED IN PARA TWO, WE WILL SEEK TO ALLOCATE SUFFICIENT CREDIT IN FY 1975 TO COVER REMAINING COSTS OF THIS A-37 PROCUREMENT.

4. DEPARTMENT WILL REQUIRE PROMPT NOTIFICATION OF GOU'S DECISION REGARDING THIS PROPOSITION TO PERMIT PROCESSING OF FY 74 FMS CREDIT AGREEMENT AND OBTAIN NECESSARY INTERAGENCY CLEARANCE PRIOR TO JUNE 30 EXPIRATION DATE OF CURRENT FISCAL YEAR. KISSINGER

NOTE BY OC/T: EXDIS CAPTION ADDED PER S/S-O, MR. TWOHIE. CONFIDENTIAL  
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## Message Attributes

**Automatic Decaptioning:** Z  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** MILITARY ASSISTANCE, MILITARY AIRCRAFT, DIPLOMATIC COMMUNICATIONS, MILITARY CREDIT  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 21 JUN 1974  
**Decaption Date:** 28 MAY 2004  
**Decaption Note:** 25 YEAR REVIEW  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** CollinP0  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
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**Document Source:** CORE  
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**Drafter:** RCFELDERPLC:CNORTON:JC  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
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**Original Handling Restrictions:** EXDIS  
**Original Previous Classification:** n/a  
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**Previous Handling Restrictions:** EXDIS  
**Reference:** STATE 119185  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** CollinP0  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 23 SEP 2002  
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**Review History:** RELEASED <23 SEP 2002 by kelleyw0>; APPROVED <14 FEB 2003 by CollinP0>  
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**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
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**Subject:** FMS CREDIT - URUGUAY -  
**TAGS:** MASS, UY  
**To:** MONTEVIDEO  
**Type:** TE  
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